

Tuesday March 29, 2011



Dear **Friends and Neighbors**,

I hope this update finds you well.

This is the 12th week of the 2011 legislative session here in Olympia, and a good time to update you on the session to date.

There are just four weeks to go and there is a lot of work to be done. On March 17 the state Economic and Revenue Forecast Council released the latest quarterly tax revenue forecast. We already knew that the Legislature must make some hard decisions this session, but we now also know that we will need to address a massive and growing \$5.3 billion budget shortfall.

Despite these tough times, I will press for reducing taxes and our enormous bureaucracy. The debate is not just about taxes, healthcare, etc., it's about freedom.

I hope you will also contact me if there is anything I can do for you, or if you have questions about issues before the Legislature. Your feedback is the most important tool I have as your voice in Olympia.

In this update, I will discuss some of the bills that are moving through the process that directly impact you. And we'll also say goodbye to a Spokane Valley icon – former Senator Bob McCaslin.

It is a great honor to represent you in the Washington State Senate.

Sincerely,

Jeff Baxter

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Washington State Patrol request information on gun owners' purchases

Letter sent to licensed firearms dealers around the state

In an apparent effort to gather a large amount of data on citizens who are purchasing firearms, the Washington State Patrol has sent a [letter](#) to every licensed firearms dealer in Washington requesting information regarding the purchase of an AR-15 in the last nine months. According to the NRA, this overreach of authority is purportedly in response to one missing AR-15! Senator Baxter has signed a letter authored by Rep. Matt Shea protesting and asking the WSP for its justification of this intrusion.

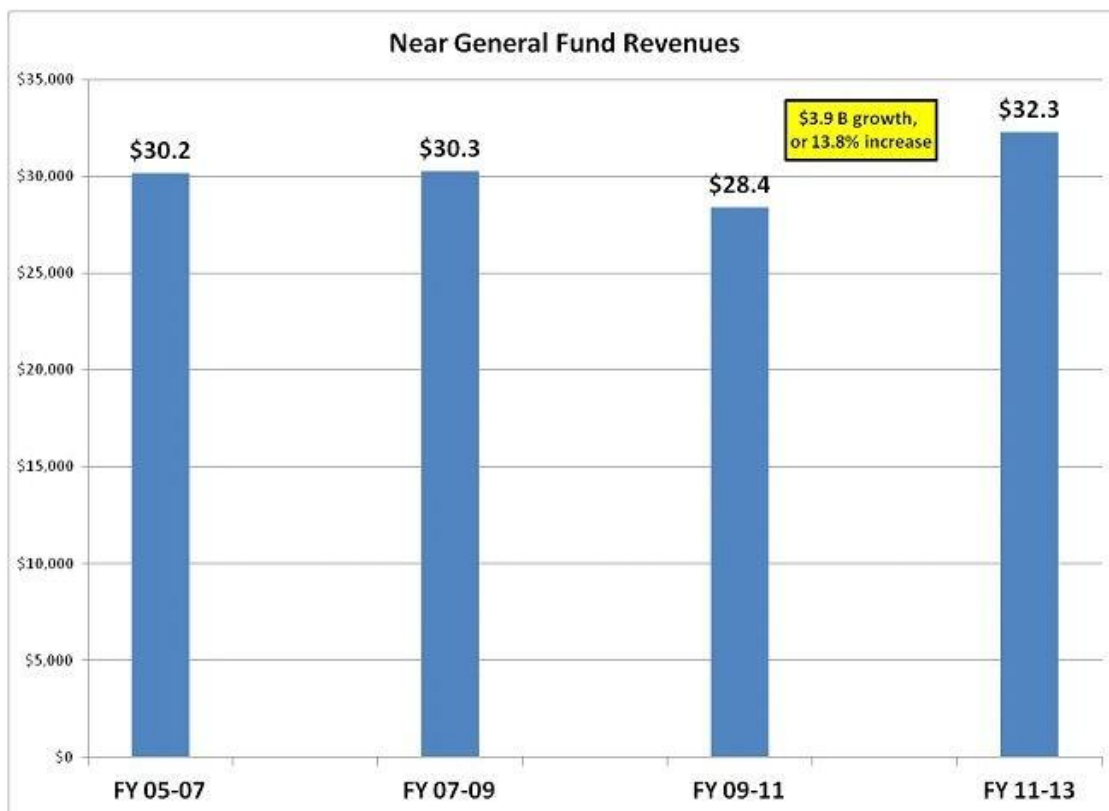
March revenue forecast adds to fiscal crisis

It's time to move on changes that reduce spending, reform government

The revenue forecast announced March 17 deepens the chasm between what the taxpayers have paid in taxes and what the state government wants to spend by \$698 million in the next two years – making the 2012-13 deficit more than \$5.3 billion.

The state's "revenue crisis" is primarily due to overspending, unsustainable budgets and budget gimmicks by those in the majority party in Olympia over the last five years.

Revenues are projected to grow by \$3.9 billion, or 13.8%, in the 2011-13 biennium



It is also important to remember that this is a created shortfall. By that, I mean that despite this latest drop in revenue and the sluggish economy, Olympia is still expected to bring in a record amount of TAX revenue – just not as much as those in Olympia would like to spend. Revenue collections for the next biennium are still expected to be close to \$4 billion higher than the current biennium. Bottom line – your state government has a spending problem; not a (tax) revenue problem.



Washington needs recovery audits now!

Could save more than a billion dollars

I have introduced Senate Bill 5842, which would require the director of the Office of Financial Management to contract with private consultants to conduct recovery audits of payments made by state agencies to individuals, vendors, and other entities. Experts estimate that it could potentially help Washington State recover as much as a billion dollars.

Recovery audits could be a vital tool for recouping the cost of fraud or mismanagement that results in improper payments. They allow private contractors to audit fraud in Medicaid, Social Services, general state operations and other programs, and collect from those cheating the system. Additionally, these audits will be self-funding with the cost of the audit deducted from any dollars recovered.

A national recovery audit demonstration program started in 2003 used recovery audit contractors to identify Medicare overpayments and underpayments to health care providers and suppliers in California, Florida, New York, Massachusetts,

South Carolina, and Arizona.

The demonstration resulted in **more than \$900 million** in overpayments being returned to the Medicare Trust Fund between 2005 and 2008 **and nearly \$38 million** in underpayments returned to health care providers.

At a time when vital services are being cut and our state is struggling to meet its obligations, why should we continue to allow taxpayer dollars to go out the door due to fraud, waste and abuse. We need recovery audits now!

Health care reform update: How does Obamacare impact Washington?

The need for nullification becomes obvious as plan unfolds

As part of his plan for "[fundamentally transforming](#)" our American nation, President Obama signed the *Patient Protection and Affordable Care Act* on March 23, 2010. On January 20, the U.S. House of Representatives voted to repeal the act and on January 31, a federal judge in Florida ruled the act's

mandate that all Americans purchase health insurance unconstitutional. The Obama administration is expected to appeal and the issue may ultimately be decided by the United States Supreme Court.

Dr. Roger Stark, a retired surgeon and a health care policy analyst with the Washington Policy Center, has made some startling findings about the law's impact in our state:

- The uninsured rate was 13.2% last year in our state. Half of these people are ages 18-34. The new law will force 432,000 young healthy people into insurance they may not want, need, or be able to afford.
- 205,000 Washington seniors will be forced out of Medicare Part C.
- Because of the 21% cuts in Medicare reimbursements to providers, Washington seniors will have a more difficult time finding a physician.
- 130,000 Washington residents have Health Savings Accounts. The new law restricts the amount they can contribute to their HSAs and because of limitations on high deductible insurance plans, may totally eliminate HSAs altogether.
- The number of people on Medicaid will increase by 280,000 for a total cost of Medicaid to Washington taxpayers in excess of \$30 billion over the next 10 years.
- And with all this.... We'll still have between 300,000 – 480,000 people in Washington who lack health insurance.

When the federal government extends its reach beyond its Constitutional authority, it is the duty of the states to protect its citizens from this overreach. Nullification of this kind of activity by the federal government is just what Thomas Jefferson (Kentucky Resolution) and James Madison (Virginia Resolution) used in response to the Alien and Sedition Acts. House Bill 1946, sponsored by Rep. Matt Shea and 12 other Republicans, would, if passed, protect the citizens of Washington from most of the effects of Obamacare.

Medicaid Block Grants

Medicaid is a federal and state funded program to provide health care for poor families and individuals. It currently accounts for almost a quarter of the state's operating budget, a figure that could grow depending on the implementation of Obamacare.

[**Second Substitute Senate Bill 5596**](#) would direct the state Department of Social and Health Services to seek a "Medicaid Modernization" waiver from the federal government in order to reduce costs. This waiver would give the state more flexibility in program design, benefits, reimbursement methods, enforceable cost sharing, enrollee choice and streamlined eligibility. The bill passed the Senate unanimously and is awaiting action by the House Ways and Means Committee.)

Bipartisan measures focus on jobs

Unemployment insurance reform bills bring relief to employers

I am proud to have supported two bills signed by the governor early in the session that will help

employers in the Spokane Valley maintain, and potentially create, jobs. [Senate Bill 5135](#) will provide much needed unemployment insurance (UI) tax relief for Washington businesses. The bill also contains the mechanism needed to extend federally funded benefits to 70,000 Washington workers who have suffered long-term unemployment.

The UI tax has two components – the experience-rated tax based on the average of an employer's layoff history over the past four years; and the socialized tax paid by all employers to recover costs from the previous year that cannot be attributed to a particular employer.

SB 5135 will temporarily cap increases in the socialized portion of the UI tax. This adjustment will protect employers from a planned \$300 million tax hike in 2011 – a burden that was sure to create more layoffs, especially for small companies.

[House Bill 1091](#) permanently restructures the unemployment insurance system and:

- expands some training benefits;
- provides longer-term tax relief for employers, giving them more time to recover from the impacts of our economy;
- expands access to benefits while workers are retraining; and
- provides unemployed workers with a \$25 a week benefit increase for claims filed between March and November 2011.

HB 1091 will be paid for with federal funds being offered to states that modernize their UI systems.

Senate acts to improve workers' compensation system for injured workers and employers

Reforms to the state's workers' compensation system approved by the Senate address three major issues: financial sustainability, transparency and better outcomes.

[Engrossed Substitute Senate Bill 5566](#) would create a voluntary settlement option for injured workers. This common-sense reform, which is already available for workers in 44 other states, passed the Senate by a vote of 34 to 15. I am pleased that my colleagues put the interest of our state's workers ahead of partisanship and did what was right for all Washingtonians. Small businesses are the engine of our economy and we need to remove unnecessary burdens from employers so they can help get Washingtonians back to work. I believe this bill is a vital step in that process. Our workers' comp system is broken. A recent audit found the current system unsustainable – with a 95 percent chance of becoming insolvent within five years. Despite more than \$313 million in rate increases on our workers and employers over the past two years, there is still a \$360 million hole in the workers' comp accident fund. This bill would go a long way toward bringing those costs down, while giving workers more options. *(ESB 5566 is now apparently stalled in the House of Representatives Labor & Workforce Development Committee.)*

Many employers assume that their workers' comp dollars go to fund workers' comp. Few are aware that many of their dollars are used for various other purposes by L & I. [Senate Bill 5278](#) would require the state Department of Labor and Industries to include on rate notices to employers a clear accounting of all programs and services that are financed in whole or in part by the workers' compensation taxes. *(SB 5278 received a public hearing on March 8 in the House Labor and Workforce Development Committee and is currently in the Rules Committee waiting floor action.)*

[Substitute Senate Bill 5801](#) would require the state Department of Labor and Industries to establish a network of health care providers experienced in treating on-the-job injuries. *(SSB 5801 has been*

approved by the House and is on its way to the governor to be signed into law.)

Property owners get protection from government land grabs for economic development

The Senate has approved [Engrossed Substitute Senate Bill 5077](#) that would prohibit the use of “eminent domain” – the government taking of private property – for economic development. This bill was requested by the state attorney general because of recent court rulings that have eroded the definition of “public use.” The state constitution allows governments to use its power of eminent domain to acquire land for a public use - meaning to protect public health and safety or provide public-use facilities such as streets, lighting systems for roadways, water systems, storm and sanitary service systems, parks and schools. *(ESSB 5077 is still awaiting a hearing (and in danger of dying) before the House Judiciary Committee)*

Spokane Valley loses a local legend



Bob McCaslin, who spent 30 years in the state Senate fighting for property rights, lower taxes and less government expansion passed away on Sunday, March 13, at the age of 84.

Senator McCaslin was dedicated his life to protecting the rights of the citizens of our district, fighting with passion and commitment for those things he cared most about -- education, public safety and the ability of young people to own a home. Senator McCaslin could be tough, but he always treated people with respect. His commitment to the 4th District always came first, and you always knew exactly

where you stood with him. His leadership, wit, and spirit will remain in the thoughts and hearts of all those who came to love and admire the man.

As Senate Republican Leader Mike Hewitt put it, “Senator McCaslin’s leadership, institutional knowledge, goodwill, kind heart and sense of humor will all be greatly missed by those who had the honor of calling him friend and colleague. His contributions to not just our caucus, but to the Senate as an institution, and – first and foremost – his constituents, are unparalleled.”

Rest in peace, Senator McCaslin.

It was a good life, and you made all of Washington proud.
